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Security Council Committee established pursuant to resolution 1718 (2006)

Note verbale dated 14 July 2016 from the Permanent Mission of Italy to the United Nations addressed to the Chair of the Committee

The Permanent Mission of Italy to the United Nations presents its compliments to the Security Council Committee established pursuant to resolution 1718 (2006) and has the honour to refer to Security Council resolution 2270 (2016), in particular paragraph 40, in which the Council calls upon Member States to report to the Council on concrete measures they have taken to implement effectively the provisions of the resolution.

In this respect, the Permanent Mission of Italy to the United Nations has the honour to submit to the Committee the report of the Government of Italy on the implementation of Security Council resolution 2270 (2016) (see annex).

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Annex to the note verbale dated 14 July 2016 from the Permanent Mission of Italy to the United Nations addressed to the Chair of the Committee

National report to the Security Council Committee established pursuant to resolution 1718 (2006)

Italy and the other member States of the European Union have jointly implemented the restrictive measures against the Democratic People's Republic of Korea (DPRK) imposed by the Security Council in its resolution 2270 (2016) by taking the following common measures:[1]

(a) Council Decision (CFSP) 2016/319 of 4 March 2016, implementing the designation of additional persons and entities (travel ban and asset freeze);

(b) Commission Implementing Regulation (EU) 2016/315 of 4 March 2016, amending Council Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea;

(c) Council Decision (CFSP) 2016/476 of 31 March 2016. Council Decision (CFSP) 2016/476 sets out the commitment of the European Union to the implementation of all measures contained in Security Council resolution 2270 (2016) and provides the basis for the specific accompanying measures of the European Union within the scope of the resolution, notably:

- Extension of export and import prohibitions: extends export and import prohibitions on any item (except food or medicine) that could contribute to the development of the operational capabilities of DPRK armed forces.
- Requirement to expel DPRK diplomats engaged in illicit activities: targets DPRK diplomats working on behalf or at the direction of a designated individual or entity, or of an individual or entity assisting in the evasion of sanctions or violating the provision of Security Council resolutions including exemptions.
- Requirement to expel foreign nationals involved in illicit activities: targets foreign nationals working on behalf or at the direction of a designated individual or entity, or of an individual or entities assisting in the evasion of sanctions or violating the provision of Security Council resolutions.
- Requirement to close offices of designated entities and expel representatives: Member States shall close the representative offices of designated entities and prohibit such entities, as well as individuals or entities acting for or on their behalf, from participating in joint venture or any other business arrangements.
- Ban on specialized training, including teaching or training in specific fields.
- Requirement to inspect DPRK cargo to cover the inspection of cargo within or transiting free trade zones or that is being transported on DPRK flagged aircraft or maritime vessels. In addition, the obligation to inspect is

[1] All common measures are published in the *Official Journal of the European Union*, which is available from: http://eur-lex.europa.eu/JOIndex.do?ihmlang=en (published issues) and http://eur-lex.europa.eu/advanced-search-form.html?qid=1456325860845&action=update (search form).

irrespective of any reasonable grounds to suspect that the cargo contains prohibited items.

- Requirement to ban DPRK chartering of vessels or aircraft and de-register vessels, including a prohibition to provide crew services.
- Requirement to prohibit nationals from operating DPRK vessels/DPRK flag.
- Ban on flights of any plane suspected of carrying contraband with the exception of landing for inspection.
- Prohibition of entry into ports of any vessel controlled by a designated entity or suspected of engaging in illicit activity.
- Export ban on any item that could contribute to DPRK nuclear or ballistic programmes or other weapons-of-mass-destruction programmes.
- Ban on export from DPRK of specified minerals such as coal, iron, iron ore, gold, titanium ore, vanadium ore and rare earth minerals.
- Ban on aviation fuel exports to DPRK such as aviation gasoline, naphtha-type jet fuel, kerosene-type jet fuel and kerosene-type rocket fuel.
- Asset freeze on Government entities or the Worker's Party of Korea associated with illegal programmes or on individuals or entities acting on their behalf.
- Prohibition of the opening and operation of new branches, subsidiaries and representative offices of DPRK banks.
- Obligation to close existing branches, subsidiaries or representative offices of DPRK banks within 90 days.
- Obligation to close existing representative offices, subsidiaries or banking accounts in the DPRK within 90 days.
- Extension of the prohibition to provide financial support for trade with DPRK: also to cover private financial support for trade if such financial support could contribute to illicit activities by DPRK.

(d) Council Regulation (EU) 2016/682 of 29 April 2016 amending Council Regulation (EC) No. 329/2007 concerning restrictive measures against the Democratic People's Republic of Korea gives effect to the measures provided by Council Decision (CFSP) 2016/476 of 31 March 2016.

Italy has the following national legislation requiring an export authorization for the sale, supply, transfer or export of arms and related materiel[2] to third countries and an authorization for the provision of brokering services and other services related to military activities, which together with Council Decision (CFSP) 2016/849 provides the basis for enforcement of the arms embargo against DPRK and the ban on related brokering services: Law 185/1990 as modified by Legislative Decree 105/2012 concerning controls on import, export and transfer of arms and related materials.

[2] This legislation should apply to all goods included in the Common Military List of the European Union, *Official Journal of the European Union* C 129, 21.4.2015, p.1.

Italy has the following national legislation prohibiting the sale, supply, transfer or export of arms and related materiel[3] to DPRK and the provision of brokering services and other services related to military activities: measures to prevent the supply to embargoed countries (and thus to DPRK) of all arms and related materiel are enshrined in Law 185/1990 as modified by Legislative Decree 105/2012. In particular, article 1.6.c. forbids the supply of arms towards countries on which a mandatory United Nations embargo is imposed (which is the case for DPRK). The provisions stemming from Law 185/90 also cover procurement activities.

The above-mentioned Council Regulations are binding in their entirety and directly applicable in all member States of the European Union.[4] Regulation (EC) No. 329/2007 requires member States to determine the penalties applicable to infringements of their provisions. The penalties determined by Italy are set out in the following legislation:

- According to LD 109/2007, article 13, national competent authorities can impose administrative fines on financial institutions or designated non-financial businesses and professions for any direct breach of asset freeze obligations. Penalties for such violations are commeasured to the value of the prohibited transaction and can vary from a minimum of the half to a maximum of twice of the overall value. If a financial institution or a designated non-financial business and profession fails to notify the financial intelligence unit of information concerning the freeze of assets, administrative fines will range from 500 euros to 25,000 euros. Italy has no cases of assets freeze violation to report in relation to DPRK.
- LD 96/2003, article 16, establishes both administrative and criminal penalties for infringements of the provisions on import and export of dual use goods.
- For infringements of the provisions on the sale, supply, transfer or export of arms and related materiel, several administrative and criminal penalties are imposed by Law 185/1990 as modified by LD 105/2012 (including article 23).

With reference to the financial measures contained in resolution 2270 (2016), Italy, through its Central Bank, exercises enhanced vigilance in order to prevent the provision of financial services or the transfer of any financial assets that could contribute to prohibited programmes or activities of DPRK. In consideration of the Financial Action Task Force's "black-list" of non-equivalent legislation concerning anti-money-laundering and combating the financing of terrorism, the Bank of Italy issues recommendations to the banking system, requesting the supervised entities to pay specific attention to relations with clients connected with high-risk jurisdictions, including DPRK. Until now, no Korean banks have applied for the authorization to open a branch or a subsidiary or a representative office in Italy, and vice versa.

With regard to the restrictions on materials, equipment, technology or goods set out in resolution 2270 (2016), during 2015 and up to June 2016, Italian competent authorities have not received any requests or import/export demands involving DPRK.

[3] This legislation should apply to all goods included in the Common Military List of the European Union; see *Official Journal of the European Union* C 129, vol. 58, 21 April 2015.

[4] Regulation (EC) No. 539/2001 applies neither to Ireland nor to the United Kingdom of Great Britain and Northern Ireland.

In order to promote compliance with the ban on the specialized teaching or training of DPRK nationals, an explanatory paper on paragraph 17 of resolution 2270 (2016) has been made available to Italian universities, training institutes and research centres.

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Note verbale dated 14 July 2016 from the Permanent Mission of Mexico to the United Nations addressed to the Chair of the Committee

The Permanent Mission of Mexico to the United Nations presents its compliments to the Security Council Committee established pursuant to resolution 1718 (2006) and, with reference to the request contained in paragraph 40 of Security Council resolution 2270 (2016), has the honour to transmit herewith the corresponding national implementation report of Mexico (see annex).

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Annex to the note verbale of 14 July 2016 from the Permanent Mission of Mexico to the United Nations addressed to the Chair of the Committee

Report of Mexico on Security Council resolution 2270 (2016)

National implementation report

In Mexico, the international disarmament, terrorism and security activities of the federal executive branch are coordinated by the High-level Special Committee on International Disarmament, Terrorism and Security, an auxiliary body of the National Security Council. The Committee's mandate is to prevent and detect the proliferation of weapons of mass destruction and the financing of terrorist acts carried out with such weapons, and also to strengthen Mexican legislation, through its various groups, known as standing operational groups (comprising the relevant national authorities).

In order to implement Security Council resolution 2270 (2016) on the Democratic People's Republic of Korea effectively and adequately, and after informing all the relevant national authorities (Ministry of Economic Affairs, Ministry of Finance and Public Credit, National Immigration Institute, Ministry of the Interior and Ministry of Energy) of its provisions, the Government of Mexico has taken the following steps:

The Financial Intelligence Unit of the Ministry of Finance and Public Credit added the individuals and entities listed in the annexes to resolution 2270 (2016) to the blocked persons list (applicable in the financial sector) and the associated persons list (applicable to persons that conduct vulnerable activities). Following the listing, the financial entities and persons that conduct vulnerable activities will be required to immediately suspend any kind of act, transaction or service with customers or users included in the lists. Financial entities and persons that conduct vulnerable activities will be required to transmit an unusual transaction report to the Financial Intelligence Unit within 24 hours following the detection of such transactions.

On 26 February 2016, the Ministry of Finance and Public Credit's Financial Intelligence Unit's guide to criteria and elements for the determination of low-risk customers or users was amended to provide the financial sector with minimum criteria to follow in order to establish risk methodologies and models for the detection and reporting of acts, omissions or transactions conducted in high-risk countries.

The Financial Intelligence Unit also informed financial institutions of the provisions of resolution 2270 (2016), to enable them to strengthen their customer and user due diligence requirements and, where necessary, immediately suspend any act, transaction or service linked to persons and entities on the Security Council sanctions lists.

The General Customs Administration of Mexico issued an alert to flag transactions related to the Democratic People's Republic of Korea in connection with the import or export of the goods indicated in resolution 2270 (2016). A request was made through the General Customs Administration's

Intelligence Centre for more alerts regarding goods from the Democratic People's Republic of Korea to ensure that such information would be properly analysed and that the competent national authorities would be notified accordingly.

The National Immigration Institute added the persons listed in annex I to resolution 2270 (2016) to national immigration alerts to prevent the entry or transit of those individuals into or through the Mexican territory.

On 2 June 2016, the Foreign Trade Commission received for its consideration the draft amendment to the agreement banning the export or import of various goods to and from listed countries, entities and individuals (embargoes agreement published on 29 November 2012), in order to bring it into line with the extended measures imposed by the Security Council against the Democratic People's Republic of Korea related to the import or export of the materials listed in resolution 2270 (2016) (the embargoes agreement is pending publication in the Official Gazette of the Federation).